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8 CARL STRANG, TERRY MORGAN,
DAVID BAILEY, JIM GREBEY, and
9 DAVID GRIFFITH

10 UNITED STATES DISTRICT COURT
11 NORTHERN DISTRICT OF CALIFORNIA
12 SAN FRANCISCO DIVISION

13 EXPEREXCHANGE, INC., a
California Corporation, DBA:
14 EXPERVISION,

15 Plaintiff,

16 vs.

17 DOCULEX, INC., a Florida
corporation; CARL STRANG, an
18 individual; TERRY MORGAN, an
individual; DAVID BAILEY, an
19 individual; JIM GREBEY, an
individual; DAVID GRIFFITH, an
20 individual,

21 Defendants.

22 AND RELATED CROSS CLAIM
23

CASE NO. CV 08 3875 JCS

24 DEFENDANTS' NOTICE OF
MOTION AND MOTION FOR
SUMMARY JUDGMENT, OR IN
THE ALTERNATIVE, SUMMARY
ADJUDICATION; MEMORANDUM
OF POINTS AND AUTHORITIES
IN SUPPORT THEREOF

[Supporting Declarations of Dale
Kinsella; Carl Strang, III; David
Griffith, David Bailey and Terry
Morgan filed concurrently herewith]

25 Date: September 11, 2009
26 Time: 9:30 A.M.
27 Dept.: A, 15th Floor
28 Before: Hon. Magistrate Judge Spero

1 TO ALL PARTIES AND THEIR ATTORNEYS OF RECORD:

2 PLEASE TAKE NOTICE that on September 11, 2009 at 9:30 a.m.,
3 Defendants and Counter-Claimants DocuLex, Inc., Carl Strang, Terry Morgan,
4 David Bailey, David Griffith, and Jim Grebey (collectively "DocuLex") will move,
5 and hereby do move, for summary judgment on all of Plaintiff ExperExchange,
6 Inc.'s ("Plaintiff") claims. The motion will be heard in Courtroom A at 450 Golden
7 Gate Avenue, San Francisco, California.

8 This motion is brought pursuant to Rule 56 of the Federal Rules of Civil
9 Procedure and Local Rule 56 of the Northern District of California. It is made on
10 the grounds that the undisputed facts demonstrate that Plaintiff's claims are all
11 entirely barred by the statute of limitations. Specifically, the following causes of
12 action are time-barred in their entirety: Count 1 (copyright infringement); Count 2
13 (contributory copyright infringement); Count 3 (contributory copyright infringement
14 against Carl Strang); Count 4 (contributory copyright infringement against Carl
15 Strang [sic]); Count 5 (contributory copyright infringement against Terry Morgan);
16 Count 6 (contributory copyright infringement against David Bailey); Count 7
17 (contributory copyright infringement against Jim Grebey); Count 8 (contributory
18 copyright infringement against David Griffith); Count 9 (breach of contract); Count
19 10 (trademark infringement); Count 11 (federal passing-off); Count 12 (State of
20 California passing-off); Count 13 (federal unfair competition); Count 14 (California
21 unfair competition); Count 15 (conversion); Count 16 (intentional interference with
22 prospective economic advantage); Count 17 (negligent interference with prospective
23 economic advantage); Count 18 (intentional interference with contractual relations);
24 Count 19 (negligent interference with contractual relations); Count 20 (unjust
25 enrichment); and Count 21 (accounting).

26 This motion is also made on the grounds that the undisputed facts
27 demonstrate that Plaintiff's copyright and trademark claims are all entirely barred by
28 the doctrine of laches. Specifically, the following causes of action are time-barred

in their entirety: Count 1 (copyright infringement); Count 2 (contributory copyright infringement); Count 3 (contributory copyright infringement against Carl Strang); Count 4 (contributory copyright infringement against Carl Strang [sic]); Count 5 (contributory copyright infringement against Terry Morgan); Count 6 (contributory copyright infringement against David Bailey); Count 7 (contributory copyright infringement against Jim Grebey); Count 8 (contributory copyright infringement against David Griffith); Count 10 (trademark infringement); Count 11 (federal passing-off); Count 12 (State of California passing-off); and Count 13 (federal unfair competition).

This motion is also made on the grounds that the undisputed facts demonstrate that all of Plaintiff's claims are entirely barred by the doctrine of implied license.

This motion is also made on the grounds that the undisputed facts demonstrate that Plaintiff's state law claims (Counts 10, 12, 14-21) are preempted by the Copyright Act and the Lanham Act and should be dismissed.

This motion is also made on the grounds that Plaintiff's interference claims (Counts 16-19) fail as a matter of law.

This motion is also made on the grounds that Plaintiff has suffered no damages and its claims should therefore be dismissed.

Finally, this motion is also made on the grounds that the undisputed facts demonstrate that Plaintiff's claim for an injunction (Count 22) fails because the rest of Plaintiff's claims all fail. Plaintiff's claim for an injunction should also be dismissed because it is moot.

If the Court grants summary judgment as to all of the above listed claims, there will be no remaining claims against Defendants.

In the alternative, if the Court determines that some, but not all of the above claims are subject to summary judgment, then DocuLex requests partial summary judgment as to all claims that fail.

1 In support of its motion, DocuLex hereby submits its Memorandum of Points
2 and Authorities, and the Declarations of David Swift; Bud Strang; David Griffith,
3 David Bailey and Terry Morgan.

4
5 DATED: July __, 2009

KINSELLA WEITZMAN ISER KUMP &
ALDISERT LLP

6
7
8 By: 

Dale F. Kinsella

9 Attorneys for Defendants and
10 Counterplaintiffs, DOCULEX, INC.,
11 CARL STRANG, TERRY MORGAN,
12 DAVID BAILEY, JIM GREBEY, and
13 DAVID GRIFFITH
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MEMORANDUM OF POINTS AND AUTHORITIES

I. INTRODUCTION

Plaintiff ExperExchange, Inc. ("Plaintiff") alleges that Defendants DocuLex, Inc., Carl Strang, Terry Morgan, David Bailey, David Griffith, and Jim Grebey (collectively "DocuLex") have infringed Plaintiff's copyrights and trademarks by using Plaintiff's software in various products without proper authorization. Nothing could be further from the truth. DocuLex's use of Plaintiff's software was explicitly authorized by the terms of the license agreement itself, by communications from Plaintiff, and by the parties' course of dealing over the last nine years.

Even accepting Plaintiff's strained interpretation of the license agreement, it is undisputed that Plaintiff knew DocuLex believed it had the right to incorporate Plaintiff's RTK software into a broad range of products – and indeed began incorporating the RTK software into a broad range of products in 1999, yet Plaintiff never objected. Moreover, in 2001, Plaintiff independently confirmed that DocuLex had incorporated Plaintiff's RTK software into an allegedly unauthorized product. Nevertheless, from 1999 to 2008, Plaintiff accepted royalty payments for the allegedly unauthorized products and renewed the license agreement each year. Because Plaintiff waited nine years from the time it first learned of DocuLex's alleged breach of the license agreement, all of its claims are time-barred.

II. STATEMENT OF UNDISPUTED FACTS

DocuLex, Inc. is a small software company with 17 employees located in Winter Haven, Florida. Declaration of Carl J. Strang, III ("Strang Decl."), ¶ 2. DocuLex designs and sells document management software products that allow customers to efficiently manage their company records and information. *Id.* ¶ 3; Declaration of David Bailey ("Bailey Decl.") ¶ 2. Plaintiff ExperExchange, Inc. (formerly ExperVision, Inc.) is a software design company which licenses its optical character recognition (OCR) software – entitled Recognition Toolkit Software

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("RTK") – to manufacturers and software developers in exchange for royalty fees. Strang Decl. ¶ 4; Bailey Decl. ¶ 3.

A. Plaintiff Enters Into a License Agreement With DocuLex in 1999

In May of 1999, DocuLex entered into a Recognition Toolkit Software License Agreement (the "License Agreement") with Plaintiff, which granted DocuLex a non-exclusive license to use Plaintiff's RTK software in its products in exchange for a royalty payment of \$50 per product sold. *See* Compl. ¶ 14. *See also* Declaration of Dale Kinsella ("Kinsella Decl."), Ex. A. The License Agreement is a standard form contract that was prepared by Plaintiff's transactional attorneys for use with all Plaintiff's licensees. *See* Deposition of Plaintiff's CEO, Dr. Wang, attached hereto as Exhibit D to Kinsella Decl., ("Wang Depo.") at 116:13-14 ("Yeah, this form contract was drafted by our attorney."); Deposition of Plaintiff's Original Equipment Manufacturer ("OEM") Manager, Troy Sarmiento,¹ attached hereto as Exhibit E to Kinsella Decl., ("Sarmiento Depo.") at 77:19-20 ("ExperVision hired an attorney to write this contract."). The terms of the License Agreement were non-negotiable and Plaintiff did not discuss any of the terms of the License Agreement with DocuLex. *See* Sarmiento Depo. at 39:3-5 (Q: ... Are the terms of the RSLA [License Agreement] negotiable? A: Absolutely not."); 47:25-48:4 (Q: ... When you send the RSLA to the potential customer, do you discuss -- do you walk through and discuss each of the terms and conditions? A: No."). By its terms, the License Agreement could be terminated by either party on a yearly basis

¹ In his role as OEM Manager, Troy Sarmiento reported directly to the Chief Operations Officer and President of US Operations, Bo Yan. Sarmiento Depo. at 21:1-10. Mr. Sarmiento is also responsible for monitoring compliance with Plaintiff's licensees. *Id.* at 20:6-9 ("Q: ... In your role -- or did ExperVision have anyone in charge, person or division, in charge of monitoring compliance with the contracts? A: That was me."). Finally, Mr. Sarmiento is also the individual at Plaintiff who negotiated and signed the License Agreement with DocuLex and who allegedly knows the most about the License Agreement. *See id.* at 63:19-21; Wang Depo. at 33:18-23 ("Q. So Troy Sarmiento is the person who knows the most -- A. Yes. Q. -- about the contract between DocuLex and ExperVision? A. Yes.").

1 or, if they chose not to terminate, it would be renewed automatically in May of each
 2 year. *See* Kinsella Decl., Ex. A at 2, § 5(b).

3 Section 1(c) of the License Agreement grants DocuLex a non-exclusive
 4 license to "reproduce and distribute copies of the RTK, in executable form only,
 5 together with and as an integral and nonseverable part of the products manufactured
 6 and licensed by Licensee, as described more fully on Attachment 4 hereto." *Id.* at 1,
 7 § 1(c). Attachment 4 simply states "see attached." *Id.* at 10. Attached to
 8 Attachment 4 is a brochure for DocuLex's PDF.Capture product. *Id.* at 11.

9 Section 8(c) of the License Agreement states that Plaintiff "agrees that the
 10 types of products described in Attachment 4, and products similar in nature,
 11 including future versions of these product types, are approved by [Plaintiff] for use
 12 with the RTK." *Id.* at 3 (emphasis added).

13 **B. The Parties' Interpretations of the License Agreement**

14 **1. DocuLex's Interpretation of the License Agreement**

15 By its express terms, the License Agreement grants DocuLex the right to use
 16 Plaintiff's RTK software in "the types of products described in Attachment 4, and
 17 products similar in nature, including future versions of these product types."
 18 (emphasis added). *Id.* at 3, § 8(c). Although not the subject of this motion,
 19 DocuLex believes that the facts will show irrefutably that each of the alleged
 20 infringing products easily meets this broad standard. *See* Declaration of David
 21 Griffith ("Griffith Decl."), ¶ 3; Bailey Decl., ¶ 5.

22 In addition, the parties' course of dealing throughout the nine years preceding
 23 this lawsuit clearly supports DocuLex's interpretation of the License Agreement.
 24 Since 1999, DocuLex incorporated Plaintiff's RTK software into many of its
 25 products and made no attempt to hide that fact from Plaintiff. Griffith Decl., ¶ 4;
 26 Bailey Decl., ¶ 6. In addition to submitting monthly royalty reports to Plaintiff
 27 which documented its broad use of the RTK software, DocuLex engineers worked
 28 closely with Plaintiff's Chief Operations Officer and President of US Operations, Bo

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Yan.² Griffith Decl., ¶ 5; Bailey Decl., ¶¶ 8-10. Bo Yan spoke with DocuLex engineers on a regular basis and had a thorough understanding of DocuLex's products and DocuLex's broad use of Plaintiff's RTK software. Griffith Decl., ¶ 5; Bailey Decl., ¶¶ 8-10. In 2001, Bo Yan visited DocuLex's offices in Florida, met with DocuLex engineers to discuss incorporating Plaintiff's RTK software into future DocuLex products, and even stayed at the house of DocuLex's Vice President of Research and Development, David Griffith. Griffith Decl., ¶ 6; Bailey Decl., ¶ 11.

During all of this time, Bo Yan never once informed DocuLex that its broad use of Plaintiff's RTK software exceeded the scope of the License Agreement. Griffith Decl., ¶¶ 7-8; Bailey Decl., ¶¶ 10-12. To the contrary, Bo Yan actively encouraged DocuLex to incorporate the RTK software into as many products as possible so that Plaintiff would earn additional royalties. Griffith Decl., ¶ 9; Bailey Decl., ¶ 12. Bo Yan also consistently assisted DocuLex in fixing any bugs associated with the RTK software as incorporated into many different DocuLex products. Griffith Decl., ¶ 10; Bailey Decl., ¶ 10. Although neither company maintained thorough email records from the early years of the License Agreement, some of these exchanges were documented through emails. *See* Kinsella Decl., Ex. F (February 15, 2005 email between DocuLex and Bo Yan about a problem with Plaintiff's OCR engine in DocuLex's Goby Monitor product); *see* Kinsella Decl., Ex. G (November 9, 2005 email between DocuLex and Bo Yan regarding DocuLex's WebSearch products); *see* Kinsella Decl., Ex. H (August 28, 2006 email between DocuLex and Bo Yan about improvements to Plaintiff's RTK software as incorporated into DocuLex's "monitor" product); *see* Kinsella Decl., Ex. I (October

² In his role as Chief Operations Officer and President of US Operations, Bo had full authority to act on behalf of Plaintiff. *See* Wang Depo. at 38:15-19 ("Q: Could Bo enter into contracts on behalf of the company, or sign contracts? A: Yes. Q: Could Bo modify contracts for the company? A: Yes.").

1 15, 2006 email between DocuLex and Plaintiff regarding DocuLex's Office Capture
 2 product).

3 2. Plaintiff's Interpretation of the License Agreement

4 Plaintiff, on the other hand, has taken the position that the License Agreement
 5 authorized DocuLex to incorporate Plaintiff's RTK software into only a single
 6 product – PDF.Capture, because no other product is specifically mentioned in
 7 Attachment 4 of the License Agreement. *See, e.g.,* Complaint, ¶ 70 ("The RSLA
 8 authorized Defendant to incorporate Plaintiff's OCR technology into a single OCR
 9 desktop product: PDF Capture."). *See also* Sarmiento Depo. at 182:3-4 ("I said that
 10 the -- the only licensable product that they had is PDF.Capture. And that's it.").³

11 Plaintiff's interpretation of the License Agreement destroys the meaning of
 12 Paragraph 8(c), which is clearly contrary to the general tenets of contract
 13 interpretation.⁴ Section 8(c) of the License Agreement refers to "the types of
 14 products described in Attachment 4," rather than the "product listed in Attachment
 15 4." *See* Kinsella Decl., Ex. A at § 8(c). In addition, the phrase – "products similar
 16 in nature, including future versions of these product types, are approved by
 17 [Plaintiff] for use with the RTK" – clearly demonstrates that the License Agreement
 18 is not limited solely to the product explicitly listed in Attachment 4.

19
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 22
 23 ³ Indeed, Plaintiff forced its employee who signed the License Agreement on behalf
 24 of Plaintiff, Troy Sarmiento, to refund to Plaintiff any commissions he received from
 25 royalties DocuLex paid to Plaintiff on all products other than PDF.Capture. *See*
 26 Sarmiento Depo. at 211:18-25 (Q: ... At some point ExperVision discovers that
 OCR-IT was not appropriately licensed under the contract? A: Therefore, I have to
 give the money back. Q: So it forced you to give -- to refund any commissions you
 received? A: Exactly, except for the ones that were licensed under the contract.").

27 ⁴ *See, e.g., United States v. 1.377 Acres Of Land*, 352 F. 3d 1259, 1265 (9th Cir.
 28 2003).

C. Under Plaintiff's Strained Interpretation of the License Agreement, DocuLex Breaches the Agreement Immediately

Within the first month after the License Agreement was signed, DocuLex began incorporating Plaintiff's RTK software into multiple products and paying royalty payments accordingly. *See* Griffith Decl., ¶ 4; Bailey Decl., ¶¶ 6-7. In June of 1999, for example, DocuLex incorporated Plaintiff's RTK software into three of its products, OCR-it, PDF-it, and PDF.Capture and paid royalty payments to Plaintiff for this use. Bailey Decl., ¶¶ 6-7. *See also* Kinsella Decl., Ex. B at 1. Under Plaintiff's strained interpretation of the License Agreement, DocuLex began breaching the License Agreement in June of 1999. *See* Sarmiento Depo. at 206:5-7 (Q: Okay. So for the last nine years, they've been exceeding the scope – A: That's exactly right.") (emphasis added). *See also* Compl. ¶¶ 24, 30, 70, 99, 106.⁵

D. Plaintiff Has Known Since 1999 That DocuLex Was Allegedly Breaching the License Agreement, Yet Plaintiff Never Objected

From the time DocuLex entered into the License Agreement with Plaintiff, DocuLex reported its use of the RTK software to Plaintiff each month and paid royalty payments accordingly. Bailey Decl., ¶¶ 6-7; Declaration of Terry Morgan ("Morgan Decl."), ¶ 3; Kinsella Decl., Ex. B. These monthly royalty reports show that DocuLex had incorporated Plaintiff's RTK software into many of its products, not just the PDF.Capture product listed in the License Agreement. *See* Kinsella Decl., Ex. B. Indeed, the very first royalty report DocuLex provided to Plaintiff, dated July 10, 1999 (covering 6/1/99 – 6/30/99), states clearly on the top of the page: "Products Sold Using the Engine [RTK]: Ocr-it, Pdf-it, & Pdf.Capture." *Id.*

⁵ According to Troy Sarmiento, the employee who negotiated the License Agreement on behalf of Plaintiff, DocuLex breached the License Agreement even before that, when it did not correctly fill out attachment 4 of the agreement, and that Attachment 4 to the License Agreement was itself a breach of the agreement. *See* Sarmiento Depo. at 85:5-9 ("Q: Okay. So you're telling me that this Attachment 4 -- A: Is a breach. Q: -- breaches the contract? A: Yes.").

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1 at 1 (emphasis added). Plaintiff therefore knew from the very first royalty statement
 2 it received (in July of 1999) that DocuLex was using Plaintiff's RTK software in a
 3 manner which allegedly exceeded the scope of the License Agreement. *See*
 4 Sarmento Depo. at 131:5-10 ("Q: So correct me if I'm wrong but it appears that this
 5 royalty report from June of 1999 shows that DocuLex had incorporated ExperVision
 6 RTK software into three products, OCR-it, PDF-it and PDF.Capture. Is that also
 7 your understanding? A: It's what it says.").⁶

8 Plaintiff also received numerous emails that put it on notice that DocuLex
 9 was incorporating Plaintiff's RTK software into allegedly unauthorized products.
 10 For example, on April 11, 2001, seven years before this lawsuit was filed, a
 11 DocuLex customer sent an email to Troy Sarmento, Plaintiff's OEM Manager,
 12 regarding a problem the customer had encountered with Plaintiff's RTK software as
 13 incorporated in DocuLex's PDF-it product. *See* Kinsella Decl., Ex. J ("Troy,
 14 Attached is an example of the problem that we discussed. We are using the
 15 DocuLex PDF-it product (version 4.020) incorporating your toolkit (rtk.ll version
 16 6.10.35.0622).") (emphasis added). Upon receipt of this email, Plaintiff was (again)
 17 on notice that DocuLex had allegedly breached the 1999 Agreement. *See* Sarmento
 18 Depo. at 241:17-20 ("Q: ... So is it your understanding that this – the PDF product
 19 mentioned here in the 2001 e-mail was a breach of that agreement? A: Yes.")
 20 (emphasis added). Plaintiff confirmed with the DocuLex customer (Ikon) that the
 21 product referenced in the email was an allegedly unauthorized product (PDF-it)
 22 rather than the authorized product (PDF.Capture). *See* Sarmento Depo. at 243:6-8
 23 ("Number one, we wrote back to IKON and said, first of all, PDF-it, are you sure?
 24 _____

25 ⁶ Plaintiff even had an employee whose job it was to review the royalty reports
 26 received from customers and to ensure those products were authorized products.
 27 *See* Sarmento Depo. at 30:13-16 ("Their primary role is only to make sure that the
 28 product that is listed in the quarterly royalty report matches the product that's being
 licensed in Attachment 4.").

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1 It's not PDF.Capture? Okay?"). Plaintiff then reviewed the License Agreement and
 2 confirmed that DocuLex had allegedly exceeded the scope of the agreement by
 3 incorporating Plaintiff's RTK software into its PDF-it product. See Sarmiento Depo.
 4 at 244:12-14 ("Well, we went back and confirmed that PDF[-it] is not a licensable
 5 product from DocuLex to use our engine in the first place.") (emphasis added).⁷

6 Despite being on notice that DocuLex had incorporated Plaintiff's RTK
 7 software into allegedly unauthorized products since 1999 (and indeed,
 8 independently confirming that fact in 2001), Plaintiff *never* informed DocuLex that
 9 it had allegedly breached the License Agreement. Griffith Decl. at ¶ 10.

10 **E. Instead of Objecting to DocuLex's Alleged Breach of the License**
 11 **Agreement, Plaintiff Accepted Royalty Payments For the Allegedly**
 12 **Unauthorized Use and Renewed the License Agreement Each Year**

13 Not only did Plaintiff do nothing about DocuLex's alleged breach until 2008,
 14 Plaintiff accepted royalty payments for the allegedly unauthorized products, and
 15 chose to renew the License Agreement with DocuLex each year. Morgan Decl., ¶ 4.
 16 See also Sarmiento Depo. at 102:18-20 ("Q: Did you make the decision each year to
 17 allow this DocuLex contract to automatically renew? A: Yes, I did.").

18 From 1999 through 2008, DocuLex used Plaintiff's RTK software in its PDF
 19 product line and DocuLex reported its use of the RTK software in over 208 separate
 20 Royalty Reports it sent to Plaintiff.⁸ See Morgan Decl., ¶ 5; Kinsella Decl., Ex. B.

21 _____
 22 ⁷ Once Plaintiff "confirmed" that the DocuLex PDF-it product constituted an alleged
 23 breach of the License Agreement, Plaintiff informed the DocuLex customer that it
 24 had purchased an allegedly unauthorized product and convinced the customer to
 25 switch from DocuLex to Plaintiff for its future document management needs. See
 26 Sarmiento Depo. at 244:14-245:2 (A: ... So what did we do? Q: That's what I want
 27 to know. A: Eliminated and disqualified DocuLex and that product and took IKON
 28 as our own ... Q: And you did all of that -- ExperVision did all of that in 2001? A:
 We did all of that through 2001, that's right, for IKON. Q: Okay. A: And they got
 rid of -- they dropped DocuLex like a bad habit.").

⁸ Indeed, DocuLex actually overpaid royalties to Plaintiff. DocuLex paid royalty
 fees to Plaintiff for the use of the RTK software in 3,902 products, while DocuLex's
 internal audit report demonstrates that DocuLex actually sold only 3,778 products
 (footnote continued)

1 Despite being on notice since 1999 that DocuLex had allegedly exceeded the scope
 2 of the license, Plaintiff accepted royalty payments for every product through 2008,
 3 whether the product was allegedly authorized or not. *See* Kinsella Decl., Ex. B;
 4 Morgan Decl., ¶¶ 4-5.

5 **F. In Late 2007, Bo Yan Resigns For Personal Reasons**

6 In late 2007, shortly before Plaintiff first objected to DocuLex's broad use of
 7 the RTK software, Bo Yan, Plaintiff's Chief Operations Officer and President of US
 8 Operations, resigned for purported "family reasons" and returned to China. *See*
 9 Wang Depo. at 221:15-22 (Q: Okay. What were Bo Yan's personal reasons for
 10 resigning? A: Family reason. Q: Did he tell you – A: I cannot tell exactly. Q: Do
 11 you know the reasons exactly? A: I don't know exact reason, so I cannot tell.").
 12 Although they had worked together closely for nine years, Bo Yan never informed
 13 DocuLex of his resignation.⁹ Griffith Decl., ¶ 11; Bailey Decl. ¶ 14.

14 **G. In February 2008, After Nine Years of Cooperation Between the**
 15 **Parties, Plaintiff Attempts to Renegotiate the Agreement**

16 In early 2008, after almost nine years of close cooperation by the parties (May
 17 1999 - Jan 2008), Plaintiff attempted to renegotiate the License Agreement under
 18 more favorable terms. On February 22, 2008, Plaintiff sent DocuLex an email
 19 stating that the current term of the License Agreement was set to expire in a few
 20 months and that Plaintiff was in the process of "reclaiming the pricing policies and
 21 renegotiating the terms of each RTK Software License Agreement (RSLA) with our
 22 clients." Kinsella Decl., Ex. L (emphasis added). The parties then began
 23 _____

24 incorporating the RTK software. *See* Kinsella Decl., Ex. K.

25 ⁹ Although Bo Yan served as Plaintiff's Chief Operations Officer and President of
 26 US Operations during the entire relevant time period, served as Plaintiff's main
 27 contact with DocuLex, and maintains an ownership interest in Plaintiff, Plaintiff has
 28 not produced Bo Yan for deposition or offered to arrange his deposition. Kinsella
 Decl., Ex. C. Plaintiff has stated that Bo Yan currently resides in China and
 therefore cannot be subpoenaed to appear for deposition.

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1 negotiating via email the terms of a new license agreement. Kinsella Decl., Exs. M,
 2 N, O, P and Q. These emails make no claim that DocuLex had exceeded the scope
 3 of the License Agreement, even though, as Plaintiff's emails stated, "[w]e know
 4 DocuLex has been using [Plaintiff's] OCR engine in nearly half of your products."
 5 Kinsella Decl., Ex. O. (emphasis added).

6 **H. In May 2008, After the Negotiations For a New Agreement Hit a**
 7 **Standstill, Plaintiff Asserts For the First Time that DocuLex**
 8 **Breached the 1999 Agreement**

9 Only after the negotiations for a new license agreement fell apart did Plaintiff
 10 first assert that DocuLex had allegedly breached the License Agreement. On May 9,
 11 2008, as a result in the breakdown on negotiations over the new agreement, Plaintiff
 12 wrote: "The latest RSLA signed on May 24th, 1999 authorizes DocuLex to
 13 distribute your Application software, PDF Capture and PDF Capture only. Now as
 14 you have told us and we have found through research, you have integrated RTK into
 15 about 10 other software products and distributed them in the market, which
 16 obviously breaches the contract." Kinsella Decl., Ex. R (emphasis added).
 17 Plaintiff's emails go on to accuse DocuLex of "one of the most serious crimes of all
 18 times" and threaten civil and criminal actions against DocuLex and its officers.
 19 Kinsella Decl., Ex. S.

20 **III. DEFENDANTS ARE ENTITLED TO SUMMARY JUDGMENT**

21 The standards governing motions for summary judgment are familiar.
 22 Summary judgment is appropriate "if the pleadings, depositions, answers to
 23 interrogatories, and admissions on file, together with affidavits, if any, show that
 24 there is no genuine issue as to any material fact and that the moving party is entitled
 25 to judgment as a matter of law." *Intelligraphics, Inc. v. Marvell Semiconductor,*
 26 *Inc.*, 2009 WL 330259 (N.D.Cal. 2009) (quoting F.R.C.P. 56(c)). Because the
 27 undisputed facts demonstrate that all of Plaintiff's claims are entirely barred,
 28 summary judgment should be granted.

A. All of Plaintiff's Claims are Time-Barred

It is undisputed that Plaintiff knew DocuLex had incorporated Plaintiff's RTK software into allegedly unauthorized products in 1999 (and indeed, Plaintiff testified that it confirmed that fact in 2001), yet Plaintiff did nothing about it for nine years. Instead of suing DocuLex for its alleged breach of the License Agreement, Plaintiff chose to renew the License Agreement with DocuLex each year. Plaintiff's claims, filed in August of 2008, are thus barred by the statute of limitations and the doctrine of laches.

1. Plaintiff's Claims are Barred by the Statute of Limitations

Plaintiff's copyright claims (Counts 1-8) are governed by a three-year statute of limitations. *See* 17 U.S.C. § 507(b) (2008).

Plaintiff's breach of contract claim (Count 9) is governed by a four-year statute of limitations. *See* CAL. CODE CIV. PROC. §§ 337, 339(1) (2008).

Plaintiff's trademark claims (Counts 10-12) are governed by a four-year statute of limitations. *See Miller v. Glenn Miller Prods., Inc.*, 454 F.3d 975, 997 n.11 (9th Cir. 2006) (*per curiam*) ("The California statute of limitations for ... state trademark infringement and/or dilution claims ... is four years.") (citing CAL. CODE CIV. PROC. §§ 337, 343).¹⁰

Plaintiff's claims for unfair competition (Counts 13 and 14) are governed by a four-year statute of limitations.¹¹ *See* CAL. BUS & PROF. CODE, § 17208; *see Broberg v. Guardian Life Ins. Co. of America*, 171 Cal.App.4th 912, 920 (2009).

¹⁰ Although the Lanham Act does not have a statute of limitations, Plaintiff's federal trademark claims are governed by the four-year statute for state trademark claims. *See Miller*, 454 F.3d at 997 n.11 ("The Lanham Act does not contain a statute of limitations, and therefore Lanham Act claims are governed by the analogous state statute of limitations, which in this case are state trademark infringement and dilution claims under CAL. BUS & PROF. CODE §§ 14330 and 14335.").

¹¹ To the extent Plaintiff's cause of action for "Federal Unfair Competition" is construed as a trademark cause of action rather than an unfair competition claim, it would be governed by the four-year statute of limitations along with Plaintiff's trademark claims (Counts 10-12).

1 Plaintiff's claim for conversion (Count 15) is governed by a three-year statute
2 of limitations. *See* CAL. CODE CIV. PROC. § 338(c); *AmerUS Life Ins. Co. v.*
3 *Bank of America, N.A.*, 143 Cal.App.4th 631, 639 (2006).

4 Plaintiff's interference claims (Counts 16-19) are governed by a two-year
5 statute of limitations. *See* CAL. CODE CIV. PROC. § 339; *Knoell v. Petrovich*, 76
6 Cal.App.4th 164, 168 (1999) ("[C]auses of action for interference with contractual
7 relations and interference prospective business advantage were barred by the two-
8 year statute of limitations.").

9 Plaintiff's claim for unjust enrichment (Count 20) is governed by a three-year
10 statute of limitations. *See* CAL. CODE CIV. PROC. § 338(d); *F.D.I.C. v. Dintino*,
11 167 Cal.App.4th 333, 346 (2008) ("The three-year statute of limitations applies to
12 [plaintiff's] unjust enrichment cause of action.").

13 Plaintiff's claim for accounting (Count 21) is governed by a four-year statute
14 of limitations. *See* CAL. CODE CIV. PROC. §§ 337, 339(1) (2008).¹²

15 Because Plaintiff has been on notice of its claims since 1999 – nine years
16 before filing suit – its claims are each barred by the applicable statute of limitations.
17 Plaintiff claims that the License Agreement authorized DocuLex to incorporate
18 Plaintiff's RTK software into only a single product – PDF.Capture, and that
19 DocuLex's use of the RTK software in any other product constitutes a breach of the
20 License Agreement.¹³ Any alleged breach thus occurred in 1999 when DocuLex
21

22
23 ¹² Plaintiff's claim for an accounting is governed by this statute because Plaintiff's
24 alleged right to an accounting depends entirely on the enforceability of the
25 agreement. *See Jefferson v. French Co.*, 54 Cal.2d 717, 719 (1960); 3 B.E.
26 WITKIN, CALIFORNIA PROCEDURE § 623 (4th ed. 1997).

27 ¹³ *See, e.g.,* Complaint, ¶ 70 ("The RSLA authorized Defendant to incorporate
28 Plaintiff's OCR technology into a single OCR desktop product: PDF Capture."). *See*
also Sarmiento Depo. at 182:3-4 ("I said that the -- the only licensable product that
they had is PDF.Capture. And that's it."); *id.* at 206:5-7 (Q: Okay. So for the last
nine years, they've been exceeding the scope – A: That's exactly right.") (emphasis
added); Compl. ¶¶ 24, 30, 70, 99, 106.

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1 incorporated Plaintiff's RTK software into three separate products, OCR-it, PDF-it,
 2 and PDF.Capture. *See* Ex. B.

3 More importantly, *DocuLex informed Plaintiff of its allegedly unauthorized*
 4 *use of the RTK software in 1999.* *See* Ex. B. *See also* Sarmiento Depo. at 131:5-10
 5 ("Q: So correct me if I'm wrong but it appears that this royalty report from June of
 6 1999 shows that DocuLex had incorporated ExperVision RTK software into three
 7 products, OCR-it, PDF-it and PDF.Capture. Is that also your understanding? A:
 8 It's what it says.").¹⁴

9 There is also no question that Plaintiff had *actual knowledge* of any alleged
 10 breach in 2001 when it received an email from a DocuLex customer regarding the
 11 use of the RTK software in an allegedly unauthorized product. *See* Kinsella Decl.,
 12 Ex. J (emphasis added). *See also* Sarmiento Depo. at 241:17-20 ("Q: ... So is it
 13 your understanding that this – the PDF product mentioned here in the 2001 e-mail
 14 was a breach of that agreement? A: Yes.") (emphasis added). Upon receipt of this
 15 2001 email, Plaintiff went back and reviewed the License Agreement and confirmed
 16 that the product mentioned in the 2001 email constituted an alleged breach of the
 17 License Agreement. *See* Sarmiento Depo. at 244:12-14 ("Well, *we went back and*
 18 *confirmed that PDF[-it] is not a licensable product from DocuLex to use our*
 19 *engine in the first place.*") (emphasis added).

20 Because Plaintiff has been on notice of its claims since 1999 (or, at the latest,
 21 2001), each of its claims are barred by the applicable statutes of limitations.
 22
 23
 24

25 ¹⁴ Plaintiff even had an employee whose job it was to review the royalty reports
 26 received from customers and to ensure those products were authorized products.
 27 *See* Sarmiento Depo. at 30:13-16 ("Their primary role is only to make sure that the
 28 product that is listed in the quarterly royalty report matches the product that's being
 licensed in Attachment 4.").

2. Plaintiff's Copyright and Trademark Claims are Barred by the Doctrine of Laches

Plaintiff's copyright and trademark claims (Counts 1-8, 10-13) are barred in their entirety by the doctrine of laches. "Laches is an equitable time limitation on a party's right to bring suit." *Kling v. Hallmark Cards, Inc.*, 225 F.3d 1030, 1036 (9th Cir. 2000). "To demonstrate laches, the 'defendant must prove both an unreasonable delay by the plaintiff and prejudice to itself.'" *Danjaq LLC v. Sony Corp.*, 263 F.3d 942, 951 (9th Cir. 2001) (quoting *Couveau v. Am. Airlines, Inc.*, 218 F.3d 1078, 1083 (9th Cir. 2000)). Where the conduct in question occurred more than three years prior to the filing of the Complaint, the court presumes that both elements of laches are met; i.e., that (1) plaintiff's delay in filing suit was unreasonable; and (2) defendant would suffer prejudice caused by the delay if the suit were allowed to continue. *See, e.g., Jarrow Formulas, Inc. v. Nutrition Now, Inc.*, 304 F.3d 829, 838 (9th Cir. 2002). Moreover, "the presumption of laches is triggered if any part of the claimed wrongful conduct occurred outside the limitations period. To hold otherwise would 'effectively swallow the rule of laches, and render it a spineless defense.'" *Id.* at 837 (emphasis added) (quoting *Danjaq*, 263 F.3d at 953). Here, laches is presumed because the conduct at issue first occurred in 1999, nine years before Plaintiff filed suit.

In addition, both elements of laches are easily established. First, Plaintiff's delay of nine years is clearly unreasonable. *See, e.g., Danjaq*, 263 F.3d at 952 ("[T]he relevant delay is the period of time from when the plaintiff knew (or should have known) of the allegedly infringing conduct."). From the time the License Agreement was signed in 1999, Plaintiff knew that DocuLex was using Plaintiff's RTK software in products other than PDF.Capture. Indeed, the first royalty report DocuLex provided to Plaintiff, dated July 10, 1999 (covering 6/1/99 – 6/30/99), states very clearly on the top of the page: "Products Sold Using the Engine [RTK]: Ocr-it, Pdf-it, & Pdf.Capture." *See Ex. B.* Moreover, in 2001, Plaintiff "confirmed"

1 that DocuLex had incorporated Plaintiff's RTK software into its PDF-it product, an
 2 allegedly unauthorized product. *See* Sarmiento Depo. at 244:12-14 ("Well, we went
 3 back and confirmed that PDF[-it] is not a licensable product from DocuLex to use
 4 our engine in the first place.")

5 Second, DocuLex has suffered prejudice as a result of Plaintiff's delay. Had
 6 Plaintiff informed DocuLex of its view regarding the limited scope of the License
 7 Agreement in 1999, DocuLex would not have spent time and money to develop
 8 future products which incorporated Plaintiff's RTK software. Griffith Decl. ____.
 9 Because DocuLex developed its post-1999 products in reliance on its presumed
 10 right to incorporate Plaintiff's RTK software into a broad range of products,
 11 DocuLex has been prejudiced. *See, e.g., Miller*, 454 F.3d at 999 ("A defendant may
 12 establish prejudice by showing that during the delay, it invested money to expand its
 13 business or entered into business transactions based on his presumed rights."). *See*
 14 *also* Griffith Decl., ¶ 12; Bailey Decl., ¶ 15.

15 Indeed, DocuLex could have easily switched to another OCR provider who
 16 would have provided DocuLex with substantially similar OCR software for use in
 17 all of its products for a substantially similar price. Griffith Decl., ¶¶ 12-13; Bailey
 18 Decl., ¶¶ 15-16. As the Ninth Circuit has recognized, a defendant may "demonstrate
 19 prejudice by showing that it took actions or suffered consequences that it would not
 20 have, had plaintiff brought suit promptly." *Danjaq*, 263 F.3d at 955. *See also Lotus*
 21 *Dev. Corp. v. Borland Int'l, Inc.*, 831 F.Supp. 202, 220 (D.Mass. 1993) (holding that
 22 one form of prejudice is "continuing investments and outlays by the alleged
 23 infringer in connection with the operation of its business."). For example, in *Danjaq*
 24 *LLC v. Sony Corp.*, 263 F.3d 942, 951 (9th Cir. 2001), the Ninth Circuit held:

25 It must be obvious to every one familiar with equitable principles
 26 that it is inequitable for the owner of a copyright, with full notice
 27 of an intended infringement, to stand inactive while the proposed
 28 infringer spends large sums of money in its exploitation, and to
 intervene only when his speculation has proved a success.

1 *Danjaq LLC*, 263 F.3d at 951 (quoting *Haas v. Leo Feist, Inc.*, 234 F. 105, 108
 2 (S.D.N.Y. 1916).¹⁵ In addition, DocuLex also paid almost \$200,000 in royalties to
 3 Plaintiff believing they were not in breach of the License Agreement. Morgan
 4 Decl., ¶ 7; Kinsella Decl., Exs. B, K.

5 Because Plaintiff waited nine years from the date it first learned of DocuLex's
 6 allegedly unauthorized use of the RTK software before filing suit, during which
 7 time DocuLex further incorporated the RTK software into a number of different
 8 products, Plaintiff's copyright and trademark claims are barred by the doctrine of
 9 laches.¹⁶

10 **B. Plaintiff's Lawsuit is Barred by the Doctrine of Implied License**

11 "An implied license may be granted orally or be implied from conduct."
 12 *Worldwide Church of God v. Philadelphia Church of God, Inc.*, 227 F.3d 1110,
 13 1114 (9th Cir. 2000). An implied license is created when the copyright holder
 14 engages in conduct (including silence) from which the other party may infer consent
 15 to use the copyrighted work. *See Field v. Google Inc.*, 412 F.Supp.2d 1106, 1116
 16 (D.Nev. 2006) ("An implied license can be found where the copyright holder
 17 engages in conduct from which the other party may properly infer that the owner
 18 consents to his use.") (internal citations omitted). Where a copyright holder has
 19 _____

20 ¹⁵ Evidentiary prejudice exists as well because neither party has thorough records
 21 from 2001, and because the key witness – Plaintiff's COO and President of US
 22 Operations, Bo Yan, has left the company and is unavailable for deposition. *See*
 23 *Danjaq LLC*, 263 F.3d at 955 ("Evidentiary prejudice includes such things as lost,
 24 stale, or degraded evidence, or witnesses whose memories have faded or who have
 25 died.").

26 ¹⁶ All of Plaintiff's claims, even those which could be said to have accrued in the last
 27 three years, are barred by laches. *See, e.g., Danjaq*, 263 F.3d at 953-54 (holding
 28 that the doctrine of laches may bar a statutorily timely claim because "[w]ithout the
 availability of the application of laches to a claim arising from a continuing wrong, a
 party could, theoretically, delay filing suit indefinitely") (quoting *Hot Wax, Inc. v.*
Turtle Wax, Inc., 191 F.3d 813, 821-22 (7th Cir. 1999). *See also Jarrow Formulas,*
Inc. v. Nutrition Now, Inc., 304 F.3d 829, 838 (9th Cir. 2002) ("For the purpose of
 laches, the limitations period may expire even though part of the defendant's
 conduct occurred within the limitations period."); *Kling v. Hallmark Cards, Inc.*,
 225 F.3d 1030, 1036 (9th Cir. 2000) (same).

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1 notice of another's unauthorized use of the copyrighted material and does not object,
 2 an implied license is created. *See id.* ("Consent to use the copyrighted work need
 3 not be manifested verbally and may be inferred based on silence where the
 4 copyright holder knows of the use and encourages it."). *See also Keane Dealer*
 5 *Servs., Inc. v. Harts*, 968 F.Supp. 944, 947 (S.D.N.Y. 1997) ("[C]onsent given in the
 6 form of mere permission or lack of objection is also equivalent to a nonexclusive
 7 license").

8 Here, Plaintiff's knowledge of, and acquiescence to, DocuLex's allegedly
 9 unauthorized use of the RTK software constitutes an implied license for continued
 10 use. As discussed in detail above, Plaintiff has been aware of DocuLex's allegedly
 11 unauthorized use of the RTK software since 1999, and yet Plaintiff never once
 12 informed DocuLex that its use was unauthorized. As was the case in *Field v.*
 13 *Google Inc.*, 412 F.Supp.2d 1106, 1116 (D.Nev. 2006) and *Keane Dealer Servs.,*
 14 *Inc. v. Harts*, 968 F.Supp. 944, 947 (S.D.N.Y. 1997), Plaintiff's acquiescence to
 15 DocuLex's broad use of the RTK software for nine years created an implied license
 16 for that use.

17 Furthermore, Plaintiff not only sat silent as DocuLex incorporated the RTK
 18 software into allegedly unauthorized products, Plaintiff's Chief Operations Officer
 19 and President of US Operations, Bo Yan, actively encouraged DocuLex to
 20 incorporate the RTK software into as many products as possible so that Plaintiff
 21 would earn additional royalties. Griffith Decl., ¶ 7; Bailey Decl., ¶ 12. Without
 22 question, Bo Yan's conduct created an implied license for DocuLex's use of the
 23 RTK software.

24 Finally, by accepting royalty payments from DocuLex for each such allegedly
 25 unauthorized use of the RTK software, an implied license to continue that use was
 26 created. *See UMG Recordings, Inc. v. Disco Azteca Distributors, Inc.*, 446
 27 F.Supp.2d 1164, 1177-78 (E.D.Cal. 2006) ("Such acceptance of [royalty] payments
 28 gives rise to an implied license as a matter of law."). Because "[t]he existence of a

1 license creates an affirmative defense to a claim of copyright infringement,"

2 Plaintiff's claims should be dismissed. *Worldwide Church of God*, 227 F.3d at 1114.

3 **C. Plaintiff's State Law Claims are Preempted under the Copyright**
 4 **Act and the Lanham Act**

5 Plaintiff's claims for breach of contract (Count 10), unfair competition claims
 6 (Counts 12-14), conversion (Count 15), interference claims (Counts 16-19), unjust
 7 enrichment (Count 20), and accounting (Count 21) are all preempted.

8 "A state law claim is preempted by the federal Copyright Act if: (1) the work
 9 involved falls within the 'subject matter' of the Copyright Act; and (2) the rights that
 10 a plaintiff asserts under state law are 'rights that are equivalent' to those protected by
 11 the Copyright Act." *Capcom Co., LTD v. MKR Group, Inc.*, 2008 WL 4661479,
 12 *14 (N.D.Cal. 2008) (quoting *Kodadek v. MTV Networks*, 152 F.3d 1209, 1212 (9th
 13 Cir. 1998)).

14 Here, the work involved, Plaintiff's RTK software, falls within the subject of
 15 the Copyright Act. Second, Plaintiff's state law claims all seek to protect Plaintiff's
 16 right to control the use of its software – the identical right protected by Copyright
 17 Act. *See Kodadek*, 152 F.3d at 1213 (holding state law claims based on defendant's
 18 publishing and placing on market copyrighted material were preempted). "To
 19 survive preemption under the second prong of the test, 'the state cause of action
 20 must protect rights which are qualitatively different from copyright rights.'" *Design*
 21 *Art v. N.F.L. Properties*, 2000 WL 33151646, *3 (S.D.Cal. 2000) (quoting *Del*
 22 *Madera Prop. v. Rhodes and Gardner, Inc.*, 820 F.2d 973, 977 (9th Cir. 1987)).

23 Here, Plaintiff's state law claims are all based on the same rights, and the
 24 same alleged conduct – that DocuLex incorporated Plaintiff's copyrighted software
 25 into its products and sold those products without Plaintiff's permission. *See, e.g.*,
 26 *Selby v. New Line Cinema Corp.*, 96 F.Supp.2d 1053, 1057-62 (C.D.Cal. 2000)
 27 (Copyright Act preempts a state breach of contract claim); *Morris v. Atchity*, 2009
 28 WL 463971, *8 (C.D.Cal. 2009) (same); *Kodadek*, 152 F.3d at 1213 (section 17200

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claim is preempted by copyright infringement claim); *Penpower Technology Ltd. v. S.P.C. Technology*, 2008 WL 2468486, *6 (N.D.Cal. 2008) (same); *Design Art*, 2000 WL 33151646, *3 (unjust enrichment claim preempted by Copyright Act); *Aagard v. Palomar Builders, Inc.*, 344 F.Supp.2d 1211, 1219 (E.D.Cal. 2004) (claim for interference preempted by Copyright Act). Accordingly, Plaintiff's state law claims are all preempted.

D. Plaintiff's Interference Claims Fail Because A Party and its Agents Cannot Be Held Liable for Interfering With its Own Contract or Prospective Economic Advantages

Plaintiff's claims for Intentional Interference with Prospective Economic Advantage, Negligent Interference with Prospective Economic Advantage, Intentional Interference with Contractual Relations, and Negligent Interference with Contractual Relations (the "Interference Claims") fail to state a cause of action as a matter of law. These causes of action all require that the interference (whether negligent or intentional) be done by a third party, *i.e.*, no Interference Claim can be stated against a party to a contract with Plaintiffs. *Applied Equip. Corp. v. Litton Saudi Arabia Ltd.*, 7 Cal. 4th 503, 514 (1994) ("the tort cause of action for interference with contract does not lie against a party to the contract"); *Korea Supply Co. v. Lockheed Martin Corp.*, 29 Cal.4th 1134, 1153 (2003) (interference with prospective economic advantage requires "an economic relationship between the plaintiff and *some third party*, with the probability of future economic benefit to the plaintiff"); *North American Chemical Co. v. Superior Court*, 59 Cal.App.4th 764, 786 (1997) (negligent interference with prospective economic advantage requires that "an economic relationship existed between the plaintiff *and a third party*"). Because DocuLex is a party to the License Agreement, this claim must be dismissed.

It is equally well-settled that agents and/or employees of the contracting party likewise cannot be held liable for interfering with their principal's contract, or

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prospective economic advantage, with a third party. *See Reynolds v. Bement*, 36 Cal. 4th 1075, 1087 (2005) (sustaining demurrer without leave to amend because agent of party to a contract cannot be held liable for inducing breach of the contract); *Shoemaker v. Myers*, 52 Cal. 3d 1, 24-25 (1990) (same); *Jenkins v. Inglewood Unified School Dist.*, 34 Cal. App. 4th 1388, 1395 (1995) ("Since the named defendants were agents or employees of the contracting party they cannot be held liable for contract interference."). Because the individual defendants were, at all relevant times, agents or employees of DocuLex, Plaintiff's Interference Claims against the individual defendants must be dismissed as well.

E. Plaintiff Has Suffered No Damages

The undisputed evidence shows that Plaintiff received royalty payments for each and every sale of a DocuLex product which incorporated Plaintiff's RTK software. Indeed, during the term of the License Agreement (1999-2008) DocuLex actually overpaid royalties to Plaintiff. DocuLex paid royalty fees to Plaintiff for the use of the RTK software in 3,902 products, while DocuLex's internal audit report demonstrates that DocuLex actually sold only 3,778 products incorporating the RTK software. Morgan Decl., ¶ 7; Kinsella Decl., Ex. K. Accordingly, the undisputed facts show that Plaintiff has suffered no damages as a result of the alleged violations.

F. Plaintiff's Claim For an Injunction Should be Dismissed

Because the undisputed facts demonstrate that the rest of Plaintiff's claims (Counts 1-21) must be dismissed, Plaintiff's claim for an injunction must be dismissed as well. In addition, Plaintiff's claim for an injunction is moot because DocuLex no longer incorporates Plaintiff's RTK software into its products. *See* Griffith Decl., ¶ 14; Bailey Decl., ¶¶ 17-18; Strang Decl., ¶¶ 10-11.

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1 **IV. CONCLUSION**

2 For the foregoing reasons, Defendants respectfully request the Court grant its
3 motion for summary judgment.

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5 DATED: July __, 2009

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